

weekly economic review

March 28, 2014

Rigs Drilling

Rig count holds steady

The average number of active rigs in the province was 307 in March, roughly in line with the average rig count (306) from the same month a year ago. March marks the end of the first quarter and the end to the winter drilling season, which is the most active time of year for oil and gas drilling.

Over the first quarter of this year, rig activity was 0.7% higher than the first quarter last year, 12.5% higher than the 5-year first quarter average, and 2% below the 10-year first quarter average. The highest first quarter rig count occurred in 2006, with an average of 522 active rigs. Rig activity usually starts to decline in the month of March, with April seeing a steep decline in the number of rigs, as the spring thaw makes drilling in many areas impossible.

Investment in New Housing Construction

Spending on new homes remains strong
Investment in Alberta new housing construction continues to post substantial gains. January's numbers show that investment in the province was up 8.2% y/y. This marks the 27th consecutive month of positive year-over-year growth, the longest continuous growth period in over a decade. The strong growth in January was led by investment in row housing (31.6% y/y), apartments (18.6% y/y) and single family dwellings (4.7% y/y).

Alberta accounted for one quarter of investment in new home construction in the country in January despite having 11.6% of the nation's population as of January 1st.

Canada's investment in new housing construction was down 4.7% year-over-year, the 10th consecutive month of negative growth.

Rail Transportation

Rail traffic increases in January

The number of rail cars moving from western Canada increased by 2.8% y/y in January despite the frigid winter weather. Carloadings of fuel oils and crude petroleum, which made up 8.9% of total rail traffic in January, was up 54.6% y/y. Rail carloadings of wheat, canola and lumber were all down relative to January 2013, while potash and coal loadings were up.

US Housing Market

US home prices continue to recover

The Case-Shiller Index of single-family home prices in 20 US metropolitan

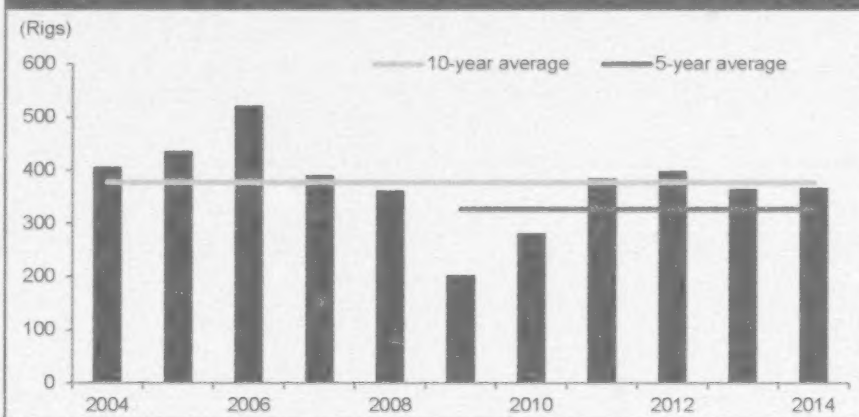
areas rose a healthy 0.8% in January over December. On a year-over-year basis, home prices have sustained growth of over 10% for the 11th consecutive month, increasing by 13.3% y/y in January.

China Purchasing Managers Index

Confidence dips in March

China's Purchasing Managers Index (PMI), an economic indicator drawn from surveys of Chinese manufacturing firms, fell to an eight-month low of 48.1 in March. A reading below 50 for the PMI indicates that on balance business conditions are worsening. This is the third straight month that the PMI has been below 50. The PMI reading for March, combined with weak export data for February, suggest that growth may be slowing in the world's second largest economy.

First Quarter Rig Activity in Alberta (January to March Average)



Source: CAODC

Closing Price	Mar 20 2014	Mar 27 2014	2013-14 Fiscal YTD
Canadian Dollar (US\$/C\$N)	88.88	90.44	94.97
WTI Oil (\$US/bbl)	99.43	101.28	99.04
NYMEX Natural Gas(\$US/MMBtu)	4.37	4.58	4.03

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Alberta Economic Indicators

Population ¹	2012	2013	2014YTD	Oct	Nov	Dec	Jan	Feb	Mar
Population (000's)	3,889	4,025	4,083	4,061	--	--	4,083	--	--
y/y % change	2.6	3.5	3.4	3.5	--	--	3.4	--	--
Net Interprovincial Migration	27,652	52,677	15,932	10,269	--	--	5,663	--	--
Net International Migration	40,842	52,551	25,185	16,436	--	--	8,749	--	--
Net Non-permanent Residents	10,085	19,560	9,274	8,213	--	--	1,061	--	--
Labour Market									
Employment (000's), SA	2,150	2,211	2,253	2,235	2,246	2,237	2,243	2,262	--
y/y % change	2.7	2.9	3.5	3.5	3.5	3.1	3.2	3.8	--
Unemployment Rate (%), SA	4.6	4.6	4.5	4.5	4.7	4.8	4.6	4.3	--
Participation Rate (%), SA	73.4	73.1	73.0	73.0	73.3	72.9	72.8	73.1	--
Average Weekly Earnings (\$), SA	1,072.75	1,111.68 ^p	--	1,126.96	1,134.55	1,145.63	--	--	--
y/y % change	3.6	3.6 ^p	--	3.3	4.0	4.6	--	--	--
Price Indices									
Consumer Price Index (y/y % change)	1.1	1.4	2.6	1.0	1.7	2.1	2.7	2.4	--
Excluding food and energy	1.4	1.4	2.2	1.6	1.5	1.9	2.1	2.3	--
Non Res. Building Costs Price Index ² (y/y % change)	3.8	1.2	--	--	--	1.3	--	--	--
Farm Product Price Index (y/y % change)	6.8	4.5	--	-0.9	-4.4	-5.4	--	--	--
Crops	8.0	4.3	--	-10.1	-12.3	-16.1	--	--	--
Livestock	5.7	4.5	--	9.0	5.3	5.5	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	33.4	36.0	37.5	38.2	43.8	36.2	39.4	35.7	--
y/y % change	29.9	7.8	15.4	14.2	9.9	18.8	28.3	3.9	--
New Housing Price Index ³ (y/y % change)	1.3	2.8	3.2	3.0	3.1	2.9	3.2	--	--
Edmonton	0.9	0.4	-0.2	0.3	0.0	-0.2	-0.2	--	--
Calgary	1.7	5.3	7.0	6.1	6.5	6.1	7.0	--	--
M.L.S. Average Resale Prices (\$ 000's)	362.0	380.2	401.8	381.5	388.6	389.7	399.6	404.0	--
y/y % change	2.6	5.0	7.6	3.9	5.3	4.7	7.9	7.3	--
Edmonton (\$ 000's)	332.7	343.8	360.4	339.2	347.2	356.9	356.5	364.2	--
y/y % change	2.6	3.3	6.8	1.4	2.5	5.3	6.7	6.9	--
Calgary (\$ 000's)	410.8	436.6	456.2	439.8	449.3	449.5	456.4	458.0	--
y/y % change	2.2	6.3	6.3	4.2	7.7	4.6	5.9	4.7	--
Retail Sales, SA (y/y % change)	6.9	6.5	9.8	6.8	7.2	7.8	9.8	--	--
New Motor Vehicle Unit Sales (y/y % change)	10.5	6.2	1.8	6.5	5.3	7.9	-1.8	--	--
Consumer Bankruptcies	5,759	4,699	--	383	323	284	--	--	--
y/y % change	-18.1	-18.6	--	-21.7	-23.1	-17.9	--	--	--
Business Sector									
NEW! Rigs Drilling	250	235	368	239	233	259	392	403	307
y/y % change	-12.6	-5.9	0.7	1.0	-9.8	-9.9	6.7	4.4	0.4
Goods Exports, customs based (y/y % change)	2.8	7.7	12.5	18.0	13.9	14.5	12.5	--	--
Energy	3.6	10.5	15.3	24.7	18.1	21.6	15.3	--	--
Farm, Fishing and Intermediate Food	20.6	-8.3	6.3	14.4	3.6	18.1	-6.3	--	--
Farm Cash Receipts (quarterly, y/y % change)	15.8	21.1 YTD	--	--	--	--	--	--	--
Manufacturing Shipments, SA (y/y % change)	3.4	1.9	7.0	6.0	7.4	5.3	7.0	--	--
Wholesale Trade, SA (y/y % change)	10.8	2.1	3.9	5.1	1.5	0.9	3.9	--	--
Building Permits, SA (y/y % change)	14.8	17.7	49.2	24.7	-6.9	10.7	40.2	--	--
Residential	18.2	19.0	54.2	39.1	15.6	23.3	54.2	--	--
Non-residential	10.7	16.1	41.2	5.5	29.7	4.4	41.2	--	--
Business Bankruptcies	230	137	--	15	8	14	--	--	--
y/y % change	-12.9	-40.4	--	16.7	46.7	-12.5	--	--	--

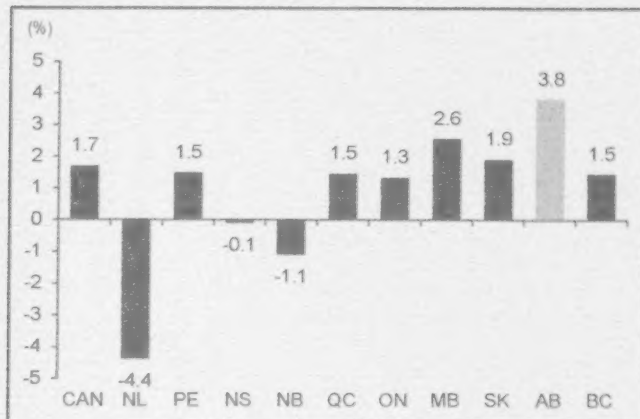
¹ Quarterly, annual numbers are presented on a census year basis (July 1-- June 30).
² Quarterly, average of Calgary and Edmonton.
³ Average of Calgary and Edmonton.
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

^p denotes a preliminary annual number.
Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), M.L.S. Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

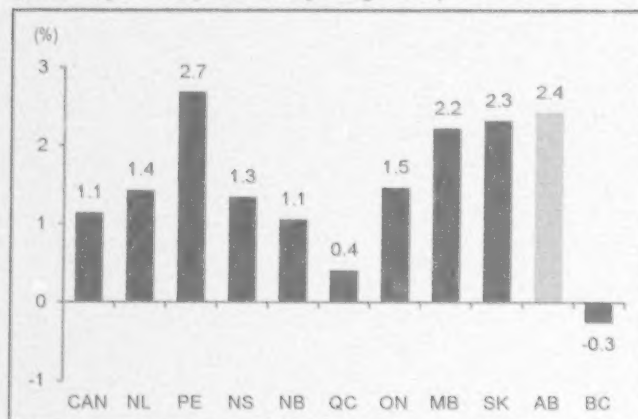
All historical data are subject to revision.

Economic Indicators by Province

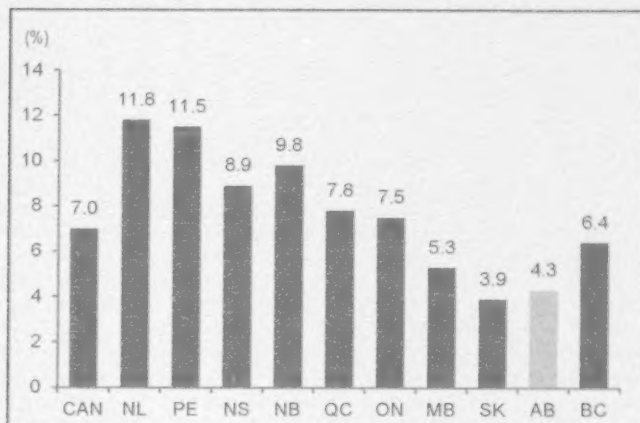
Real GDP at Market Prices
(2012, year-over-year growth)



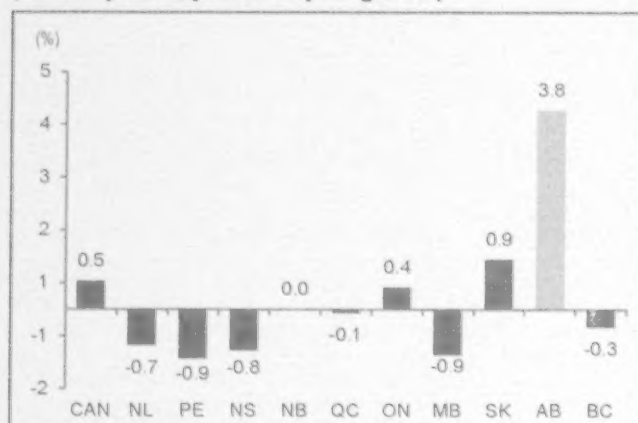
CPI Inflation
(February 2014, year-over-year growth)



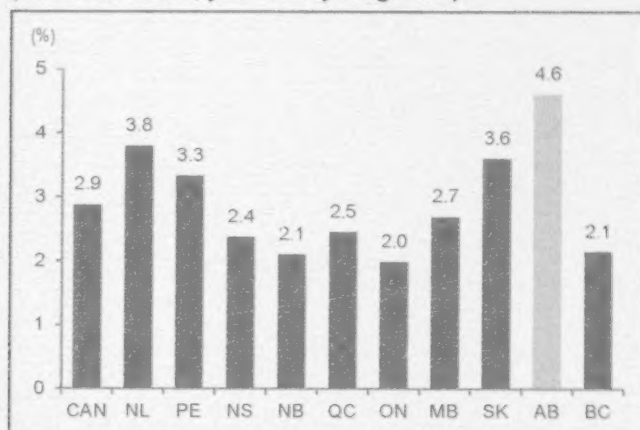
Unemployment Rate
(February 2014)



Employment
(February 2014, year-over-year growth)



Average Weekly Earnings
(December 2013, year-over-year growth)



Housing Starts
(February 2014, SAAR, year-over-year growth)

